

Ex C

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1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE DISTRICT OF HAWAII
3 JJCO, INC., dba JACKSON) CIVIL NO. CV08-00419
4 ISUZU, a Hawaii corporation,) SOM LEK
5 Plaintiff,)
6 vs.)
7 ISUZU MOTORS AMERICA, INC.,)
8 a Michigan corporation;)
9 JOHN DOES 1-10; JANE DOES)
10 1-10; DOE CORPORATIONS 1-10;)
11 DOE GOVERNMENTAL AGENCIES)
12 1-10; DOE PARTNERSHIPS 1-10;)
13 DOE ENTITIES 1-10,)
14 Defendants.)
15 30(B)(6) DEPOSITION OF DEBBIE TESORO,
16 Individually and on behalf of JJCO, Inc.,
17 dba Jackson Isuzu
18 Taken on behalf of Defendant Isuzu Motors America,
19 Inc., at the Offices of Jackson Volvo, 704 Ala Moana
20 Boulevard, Honolulu, Hawaii 96813, commencing at
21 9:18 a.m., on Friday, June 17th, 2011, pursuant to
22 Notice.
23
24 BEFORE: PATRICIA ANN CAMPBELL, CSR 108
25 Certified Shorthand Reporter

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1 APPEARANCES:

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3 For Plaintiff:

4 DENNIS KING, ESQ.

5 700 City Center

6 810 Richards Street

7 Honolulu, Hawaii 96813

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9 For Defendant Isuzu Motors America, Inc.:

10 LEX R. SMITH, ESQ.

11 MARIA Y. WANG, ESQ.

12 First Hawaiian Center, Suite 2600

13 999 Bishop Street

14 Honolulu, Hawaii 96813

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5 EXAMINATION BY:

PAGE

6 Mr. Smith

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14 EXHIBITS FOR IDENTIFICATION

PAGE

15 (None)

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1 DEBBIE TESORO,

2 called on behalf of Defendant Isuzu Motors America,

3 Inc., was first duly sworn to tell the truth, the

4 whole truth, and nothing but the truth, and

Ex C

5 testified as follows:

6 EXAMINATION

7 BY MR. SMITH:

8 Q. Ms. Tesoro, you and I have met before,
9 right?

10 A. Yes.

11 Q. In fact, I took your deposition before?

12 A. Yes.

13 Q. So you are familiar with the ground
14 rules of the deposition?

15 A. Yes.

16 Q. And you have seen the kind of transcript
17 that results after the deposition has been taken?

18 A. Yes.

19 Q. Okay, and you know that you have to
20 answer in words, which you are doing a good job of
21 right now?

22 A. Yes.

23 Q. And you know that any question I ask
24 that you don't understand, you should not answer it
25 but should ask for a clarification instead?

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1 A. Yes.

2 Q. And you agree that you will do that?

3 A. Yes.

4 Q. Okay, good. Who is the corporate
5 attorney for JJCO, if you know?

6 A. I don't know.

7 Q. Okay. Who is your employer?^{Ex C}
8 A. JJCO, Inc., Jackson Volvo.
9 Q. Okay, well, is Jackson Volvo the entity,
10 or is JJCO the entity?
11 A. JJCO.
12 Q. Okay, and as you said, JJCO, Inc.
13 A. Yes.
14 Q. Now, are there other entities that you
15 are aware of that also use the name JJCO?
16 A. Jackson Auto Group.
17 Q. Okay, what else?
18 A. That's it.
19 Q. Okay, what about JJCO Properties, is
20 that an entity?
21 A. No.
22 Q. And as far as you are aware, you don't
23 know of any entity named JJCO Properties?
24 A. No.
25 Q. Okay, and that is one of the ground

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1 rules, I violate it all the time, I will try not to,
2 and I will ask you to do the same.
3 Do you perform any work for any entity
4 other than JJCO, Inc.?
5 A. No.
6 Q. Who pays the bills of JJCO, Inc.?
7 A. Who pays the bills?
8 Q. Yes. Is it you, or is it somebody else?

EX C

9 A. Not me.
10 Q. Okay.
11 A. No.
12 Q. Who writes the checks that pay JJCO,
13 Inc.'s bills?
14 A. Wait, now, I don't know how to answer
15 that. Oh, JJCO, Inc.?
16 Q. Yes.
17 A. Oh, yes, I pay the bills for JJCO, Inc.
18 Q. Okay, so you are the person --
19 A. Yeah.
20 Q. -- who actually --
21 A. Yeah.
22 Q. -- writes the checks?
23 A. No, I don't write the checks.
24 Q. Okay.
25 A. I have different girls in the office who

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1 write checks for various things.
2 Q. You have staff who do that?
3 A. Yes.
4 Q. And is there more than one person who
5 writes the checks, then?
6 A. Yes.
7 Q. And how is the division of labor managed
8 between the people who write the checks to pay JJCO,
9 Inc.'s bills?
10 A. Well, can you -- I don't understand what

EX C

11 you are trying to ask me.

12 Q. Okay, well, who are the individuals?

13 Can you just give me their names --

14 A. Okay.

15 Q. -- as far as who actually does the check
16 writing?

17 A. Okay, the main, the payables person is
18 Malama. The receivables person is Lynne. Anything
19 to do with vehicles is Irene.

20 Q. Anybody else?

21 A. And myself.

22 Q. And you told me Malama is in charge of
23 payables?

24 A. Mm-hm.

25 Q. Lynne is in charge of receivables?

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1 A. Mm-hm.

2 Q. Irene is in charge of vehicles?

3 A. If nobody is here, then I would cover
4 whatever needs to be covered.

5 Q. And are you the direct supervisor of
6 Malama, Lynne, and Irene?

7 A. Yes. Let me -- yeah.

8 Q. Okay. Have you ever received any
9 information about whether or not Jackson or JJCO,
10 Inc.'s assets exceed its liabilities?

11 A. What was that again?

12 Q. What I want to know is whether you have

Ex C

13 any information about whether the assets of JJCO are
14 worth more than the liabilities of JJCO?

15 A. No.

16 Q. You don't know?

17 A. I don't know.

18 Q. Okay. Are you aware of a prohibition on
19 a corporation whose liabilities exceeds its assets
20 making distributions to shareholders?

21 A. I don't understand what you are asking
22 me.

23 Q. Okay. Have you ever heard from any
24 source that it is illegal for a corporation whose
25 liabilities are more than its assets to make

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1 distributions to shareholders?

2 A. I don't know.

3 Q. You don't know?

4 A. I don't know.

5 Q. Who is Jimmy Loeak? And if I am

6 mispronouncing that, feel free to correct me.

7 A. He is our lot person and our runner.

8 Q. Okay, he is an employee of JJCO?

9 A. Yes.

10 Q. And what does he do?

11 A. He runs to -- he does all of our running
12 errands to various banks. He -- and when he doesn't
13 do that, he is detailing cars or --

14 Q. Okay, so on February 23, 2009, the

15 documents that we received reflect that ^{Ex C} Mr. Loeak
16 received a payment for \$2,000?

17 A. Mm-hm.

18 Q. I need you to answer yes or no.

19 A. Yes.

20 Q. Okay.

21 A. Oh, yeah, I mean, I can't see --

22 Q. Sure.

23 A. -- what the dates are. I don't have a
24 document in front of me, so I wouldn't know.

25 Q. Okay.

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1 MR. KING: And I'm not sure what the
2 question was.

3 Q. (By Mr. Smith) Since he is on the
4 payroll, why is he receiving payments of \$2,000?
5 It's not a payroll payment, is it?

6 A. No.

7 Q. What's that for?

8 A. Actually, when Jack needs to have some
9 money, then we type it to him, and he goes to the
10 bank to cash it, and it is charged to Jack's
11 shareholder account.

12 Q. Okay, so the checks that go to Mr. Jimmy
13 Loeak are actually to get cash for Mr. Jackson?

14 A. Yes.

15 Q. Now, there are some checks that I saw to
16 Mr. Loeak that are -- a number of them are for

17 \$2,000, like the one I just mentioned,^{EX C} but some are
18 for a few hundred dollars. Is the reason for those
19 the same?

20 A. No.

21 Q. What is the reason for those?

22 A. Petty cash reimbursement. Again, he
23 runs to the bank to replenish our petty cash.

24 Q. Okay. Does JJCO pay rent?

25 A. Jackson Volvo?

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1 Q. JJCO, Inc.

2 A. I wouldn't know how to answer that.

3 Well, we pay rent for Jack -- for this location.

4 Q. For this location, and who is the
5 landlord?

6 A. Kamehameha, Bishop Estate, or Kamehameha
7 Schools, I can't remember which one it is.

8 Q. Does JJCO pay rent to anyone else?

9 A. For a storage lot, yes.

10 Q. Who is the landlord on the storage lot?

11 A. I can't remember. Some parking.

12 Q. Okay. Does JJCO pay any other rent
13 other than the two that you have mentioned?

14 A. No.

15 Q. What about on the Big Island?

16 A. We stopped that. The last payment was
17 in January of this year.

18 Q. How much was the payment?

Ex C

19 A. \$10,000.
20 Q. 10,000 per month?
21 A. Yes.
22 Q. And why did --
23 And who was the recipient of the \$10,000
24 per month payment?
25 A. JJCO Properties.

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1 Q. Do you have any involvement at all with
2 books of JJCO Properties?
3 A. No.
4 Q. Who does?
5 A. The CPA.
6 Q. Taryn Schuman?
7 A. Yes.
8 Q. Okay, so I asked you earlier if you had
9 ever heard of JJCO Properties, and I thought you
10 said you hadn't?
11 MR. KING: I think the question was was
12 it an entity?
13 THE WITNESS: Right, that's what I
14 thought it was.
15 Q. (By Mr. Smith) Okay, so you have heard
16 of it?
17 A. Yes.
18 Q. But your understanding is that it is not
19 an entity, or do you just not have an understanding
20 or what?

- 21 A. I just -- I don't have an ^{Ex C} understanding.
- 22 Q. Okay. Have you ever heard of any other
- 23 JJCO other than JJCO, Inc., and JJCO Properties?
- 24 A. No. No.
- 25 Q. How many different bank accounts does

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- 1 JJCO, Inc., have?
- 2 A. Currently, five.
- 3 Q. Can you tell me what those are, please?
- 4 A. One is our operating account, one is our
- 5 payroll account, one is our manufacturer's parts and
- 6 service account, one is the Hilo account, and one is
- 7 the -- we call it a contract, CIT account, which --
- 8 which means if we -- any contract that we send to
- 9 First Hawaiian Bank, it goes into that account.
- 10 Q. Okay. Are all five of the accounts that
- 11 you just named at First Hawaiian?
- 12 A. Yes.
- 13 Q. Okay, now, I thought I saw something in
- 14 the documents that were produced relating to a Bank
- 15 of Hawaii account?
- 16 A. That's a long time ago.
- 17 Q. Long time ago.
- 18 A. I mean, that was -- I can't remember
- 19 what year. Maybe 2010, maybe 2009? I'm not sure
- 20 what year it was.
- 21 Q. Okay, and what was the purpose of that
- 22 account?

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23 A. That was our operating account before.

24 Q. Why was that account --

25 Has that account been closed?

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1 A. Yes.

2 Q. Why was it closed?

3 A. He just wanted to put all the business
4 to First Hawaiian.

5 Q. So Mr. Jackson just made that decision?

6 A. Mm-hm.

7 Q. Do you recall approximately when the
8 account was closed?

9 A. I think it was about April of 2010. I'm
10 not -- I think around there. I'm not very sure.

11 Q. Okay. So the payroll account, how does
12 that work? Do you take money out of one of the
13 other accounts to fund your payroll?

14 A. Yes, the operating account, yes.

15 Q. Okay, and every two weeks you do that?

16 A. We have three payrolls a month.

17 Q. Has JJCO, Inc., ever failed to meet a
18 payroll?

19 A. No.

20 Q. How many employees does JJCO, Inc.,
21 have?

22 A. Currently about 45 right now.

23 Q. You say currently. Was that
24 significantly different than it was at some point in

Ex C

25 the past?

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1 A. No, it normally averages about there,
2 between 40, 48.

3 Q. And for how many years has the average
4 been in that 48 range?

5 A. Since we moved here in 2008.

6 Q. Where was Jackson Volvo located prior to
7 2008?

8 A. We were here. It was the accounting
9 office that moved here.

10 Q. Okay. So has the number of employees of
11 Jackson Volvo been stable since even before 2008?

12 A. Well, we shared, yeah, employees, so.

13 Q. I see. So it was probably less because
14 some people like you had your salaries divided among
15 the different dealerships?

16 A. Yes.

17 Q. Now, you mentioned a parts bank account.
18 What's that?

19 A. That's strictly for our manufacturer
20 account. Either every month we get our Volvo
21 manufacturer statement, and either we have to
22 transfer monies to pay them, or they do a deposit to
23 our account.

24 Q. Oh, so this is the famous parts
25 statement --

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1 A. Yes.

2 Q. -- that we heard so much about during
3 the trial?

4 A. Yes, yes.

5 Q. Okay. So things like the payments from
6 the manufacturer for warranty work and that sort of
7 thing --

8 A. Yes.

9 Q. -- go on to this parts account?

10 A. Not on a daily basis. It's only once a
11 month. They give you a statement once a month, and
12 then--

13 Q. Okay.

14 A. -- the bank account is only -- the
15 transaction's only once a month.

16 Q. And when they sell you parts, that goes
17 on to this same account?

18 A. Yes.

19 Q. Okay, and then once a month --

20 And then so they've got things they owe
21 you, you have got things you owe them, and those all
22 get set off against each other on the parts account?

23 A. Correct.

24 Q. Okay. Now, you said that you have got a
25 Hilo account. What's that?

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1 A. That's -- Hilo has its own bank account.

2 Q. Okay, and what goes into that?

3 A. Whatever they sell there.

4 Q. So do they sell service there?

5 A. Yes.

6 Q. Okay, and so if they generate revenue
7 from service, the revenues go into the Hilo bank
8 account?

9 A. Yes.

10 Q. And do they sell parts there?

11 A. Yes.

12 Q. And do the revenue from parts go into
13 the same bank account?

14 A. Yes.

15 Q. And where is the payment for those parts
16 reflected?

17 A. On our manufacturer. Well, actually,
18 they get their parts through here, or they buy parts
19 out there.

20 Q. Okay. If they buy parts in Hilo --

21 A. Yes.

22 Q. -- you are talking about somebody runs
23 down to NAPA and buys something?

24 A. Yes.

25 Q. Okay. If they do that, what account do

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1 they use to pay for parts?

EX C

2 A. Actually, they send all of their -- we
3 pay all of their bills as well.

4 Q. So what account would you use to pay for
5 the parts, then?

6 A. What bank account or --

7 Q. Okay. So the mechanic in Hilo needs
8 spark plugs.

9 A. Yes.

10 Q. He goes to NAPA and buys them and says
11 charge it to Debbie, and then you get the bill, and
12 I'm sorry, I can't find her name right now.

13 Malama --

14 A. Yes.

15 Q. -- has to buy the bill. What account
16 does she use to buy the bill, what bank account?

17 A. Our operating account.

18 Q. Your operating account, okay. Other
19 than the rent to JJCO Properties, does JJCO, Inc.,
20 make any other payments to JJCO Properties?

21 MR. KING: You are talking about at some
22 point in the past?

23 MR. SMITH: At any time since 2008.

24 A. What was that again?

25 Q. (By Mr. Smith) You describe how JJCO,

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1 Inc., pays JJCO Properties or through January of
2 this year paid JJCO Properties \$10,000 a month in
3 rent.

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4 A. Right.

5 Q. Since 2008, has JJCO, Inc., made any
6 other payments to JJCO Properties?

7 A. No. Just the 10,000.

8 Q. I noticed some payments for child
9 support on the documents that you produced. Whose
10 child support payments are those?

11 A. Employees'.

12 Q. Those are employees --

13 A. That's had wage garnishments.

14 Q. You have been served with something --

15 A. Yes.

16 Q. -- from the State?

17 A. Yes.

18 Q. So that's subtracted from their payroll?

19 A. Yes.

20 Q. Okay. I noticed life insurance payments
21 in the documents that you provided us. Whose life
22 insurance is JJCO paying?

23 A. What life insurance company is that?

24 Q. Coming right up. Met Life.

25 A. Oh, that's Mr. -- for Mr. Jackson.

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1 Q. What is the business purpose of the Met
2 Life --

3 A. That you are going to have to ask him
4 because that was going on before I even got here.

5 Q. Okay, so you don't know a business
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Ex C

6 purpose for JJCO to be paying for Mr. Jackson's Met
7 Life policy?

8 A. No. That was before I started with
9 Jackson.

10 Q. Do you know who is the beneficiary of
11 Mr. Jackson's Met Life policy?

12 A. No, I don't.

13 Q. Do you know who are the shareholders of
14 JJCO?

15 A. No.

16 Q. Okay. What is Wrench Works?

17 A. Wrench Works?

18 Q. Yes.

19 A. I think that's the place where they buy
20 parts, or I can't recall what it is exactly.

21 Q. Okay. I noticed a number of entries for
22 wrench works that under comment it says wrong parts.

23 A. Oh, okay, that could be customers come
24 in to parts to buy a part, and then we need to
25 reimburse them when they return the part, and that's

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1 exactly what it is, now that I recall.

2 Q. Okay, so I guess a customer comes in to
3 JJCO here on this property --

4 A. Yes.

5 Q. -- and buys a part?

6 A. Correct.

7 Q. And then he comes back and says I got
Page 19

EX C

8 the wrong thing?

9 A. Yes.

10 Q. And you give him his money back, right?

11 A. Yes.

12 Q. What does Wrench Works have to do with
13 that?

14 A. That's the -- that's who came in to buy
15 it.

16 Q. Okay.

17 A. Not everybody has a charge account.

18 Q. All right, I understand. There are a
19 number of referral fees reflected on the ledger
20 documents that you produced.

21 A. Yes.

22 Q. What are those?

23 A. It can be for various. For example, if
24 an employee refers a customer to buy a vehicle --

25 Q. Okay.

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1 A. -- then that's what that is. Or they
2 can get a customer out of the service to buy a
3 vehicle, or the service writers can sell a service
4 contract through sales, and they get a referral fee.
5 There's two types of referral fees. Some are fifty,
6 some are a hundred.

7 Q. Okay. And there are also a number of
8 payments called SPIFF. Can you explain what those
9 are?

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10 A. Are those -- those are the ones made out
11 to individual names?

12 Q. I think so. I'm not looking at one at
13 the moment.

14 A. Okay.

15 Q. But I remember in looking through this,
16 there are a number of SPIFFs that are paid.

17 A. Yeah, that's our salesman SPIFF. What
18 it is is they have different programs to sell
19 vehicles, and if they reach the goals that they set,
20 then they get a SPIFF.

21 Q. Okay. There are a number of entries for
22 Volvo physical. Can you explain what that is?

23 A. Can I see a document?

24 Q. Sure.

25 A. Oh, this is for our -- we have Volvo

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1 physicals once a year. They pay these employees up
2 front a certain dollar amount, I can't remember what
3 it is, for the hours that they work. That's what
4 that is.

5 Q. I guess I don't understand what the
6 physical part is. Why is it called physical --

7 A. For the inventory. For example, we need
8 to bring people in to count parts when we have a
9 physical inventory.

10 Q. Okay.

11 A. You have to count parts.

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12 Q. Okay. Okay, are there certain payments
13 that you make monthly to First Hawaiian?

14 A. Yes, just the flooring interests,
15 flooring curtailments, that's on a monthly basis to
16 First Hawaiian Bank, and also to First Hawaiian
17 Bank, I actually pay the new car flooring, but
18 that's throughout the month.

19 Q. Okay, flooring interest, and what was
20 the second one that you said?

21 A. Curtailment, loaner curtailments.

22 Q. What does that mean?

23 A. Interests on our loaners, a car that we
24 have financed for our loaners.

25 Q. And part of your flooring loan includes

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1 financing of the loaner cars?

2 A. Yes.

3 Q. Does JJCO make any payments on a monthly
4 basis to First Hawaiian other than the flooring
5 interest and the flooring curtailment?

6 A. Yes, two others.

7 Q. On a monthly basis now?

8 A. Yes.

9 Q. Okay. What are the other two?

10 A. There's two separate loans.

11 Q. Okay.

12 A. One is for -- I can't recall off the top
13 of my head what each one is for. I have to go and

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14 look at it.

15 Q. Okay, but there are two other loans?

16 A. Mm-hm, yes.

17 Q. Who are the borrowers on those two
18 loans?

19 A. Jack, JJCO, Inc. Jack signs it.

20 Q. That's what I want to know is who is the
21 borrower?

22 A. It's under JJCO.

23 Q. JJCO, Inc., is the borrower?

24 A. Yes.

25 Q. And what are these payments for?

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1 A. Like I said, I have to go back and look
2 at it and pull it out. I can't remember.

3 Q. Okay. And how long would it take you to
4 do that?

5 A. Not too long. I just need to walk over.

6 Q. Okay, so maybe when we take a recess it
7 for a while --

8 A. Okay.

9 Q. -- you can go and take a look at that
10 for me.

11 A. Okay.

12 Q. It is my understanding that there is
13 some real estate on the Big Island that has been
14 mortgaged that in some way is related to the JJCO
15 business. Is that your understanding?

Ex C

16 A. I -- I don't know. I don't get involved
17 with loans.

18 Q. Okay, but you do pay them?

19 A. Yes.

20 Q. Is it your understanding that either of
21 the JJCO, Inc., loans that you are talking about are
22 secured by real property that's owned by JJCO
23 Properties?

24 A. I don't know.

25 Q. How much time does Mr. Jackson spend

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1 here at Jackson Volvo?

2 A. Every day.

3 Q. Every day from nine to five?

4 A. Sometimes earlier. Sometimes later.

5 Q. So but at least from nine to five?

6 A. Yes.

7 Q. He is not here today, is he?

8 A. He's in Hilo. If he is not in Hilo,
9 he's here, on weekends as well.

10 Q. Was that true in 2009?

11 A. 2009, mm-hm, yes.

12 Q. Who is KJL Associates?

13 A. That's our former landlords on the other
14 location.

15 Q. Okay. What's Onomea Bay Ranch?

16 A. I think that's the ranch that they got,
17 I'm not sure.

Ex C

18 Q. Let me just show you the entry here.
19 A. Okay.
20 Q. This is on page JD 02669. Right there.
21 A. Yeah, I think that's the Hilo ranch.
22 Q. What is the business purpose of JJC0,
23 Inc., in paying the amounts that I see in the papers
24 that you have produced to Onomea Bay Ranch?
25 A. I don't know. That must have been just

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1 given to the payables to pay.
2 Q. Okay, so you don't know if there is any
3 business purpose --
4 A. No.
5 Q. -- to making a payment related to Onomea
6 Bay Ranch?
7 A. No.
8 Q. Do you know if Mr. Jackson owns
9 something at Onomea Bay Ranch?
10 A. I don't know.
11 Q. Do you know if JJC0 Properties owns
12 something at Onomea Bay Ranch?
13 A. I don't know.
14 Q. Do you know if Mr. Jackson's trust owns
15 something at --
16 A. I don't know.
17 Q. -- Onomea Bay Ranch?
18 A. (Witness shakes head from side to side.)
19 Q. Does JJC0, Inc., pay any obligations of

Ex C

20 Mr. Jackson's trust?

21 A. No.

22 Q. Does JJCO, Inc., pay any obligations of
23 JJCO Properties?

24 MR. KING: You are referring to the
25 present time?

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1 Q. (By Mr. Smith) Well, let's start that
2 way.

3 A. No.

4 Q. At any time in the last three years, has
5 JJCO, Inc., paid any obligations of JJCO Properties?

6 A. I don't know.

7 Q. Okay, well, do you think there are some
8 payments that might be for JJCO Properties?

9 MR. KING: I object at a guess.

10 Q. (By Mr. Smith) You may answer.

11 A. Yes.

12 Q. Which payments are those?

13 A. Geez, I can't remember. You are talking
14 three years?

15 Q. Right.

16 A. I can't remember off the top of my head.

17 Q. Okay, so you don't know --

18 You don't recall which ones would have
19 been obligations of JJCO Properties?

20 A. Not off the top of my head, no.

21 Q. Okay. Does JJCO, Inc., buy insurance
Page 26

Ex C

22 from First Insurance?

23 A. I can't recall. I mean, we buy all of
24 our insurance through Cavanah, so I can't recall
25 which company off the top of my head that we pay. I

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1 would have to look that up.

2 Q. Okay. Let's take a look again at page
3 JD 2669. I am looking at the second to the last
4 entry on that page that says Clarence E. Jackson,
5 First Insurance. Can you tell me what that is?

6 A. Hmm. I will have to pull that out. I
7 can pull this out if you need to.

8 Q. Okay, yes, maybe at the same time we
9 take a recess in a little while.

10 A. Okay, you might want to keep track of
11 all of these things that you are pulling out.

12 Q. Okay. What kind of insurance does the
13 Hartford sell to JJCO, Inc.?

14 A. TI insurance and life insurance for
15 employees.

16 Q. I would like to show you an entry at
17 page JD 2672, the second from the bottom, and just
18 ask you what does that reflect?

19 A. Purchased the vehicle from Bank of
20 Hawaii.

21 Q. Okay.

22 A. A used vehicle.

23 Q. So you bought a car from Bank of Hawaii?

Ex C

24 A. Yes.

25 Q. Okay. Is JJCO paid current on its rent

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1 with Kamehameha Schools?

2 A. Yes.

3 Q. Why did the rent payments on the Hilo
4 properties stop in January of this year?

5 A. We can't afford to pay them anything.

6 Q. Okay, and did JJCO Properties allow or
7 did they terminate the lease when you stopped
8 paying?

9 A. No.

10 Q. Why not?

11 A. I don't know.

12 Q. Okay, so nothing changed in the
13 relationship between JJCO, Inc., and JJCO Properties
14 when you stopped paying them rent?

15 A. No.

16 Q. Does JJCO Properties own the property in
17 Hilo, or are they lessees of that property?

18 A. I don't know.

19 Q. JJCO, Inc., pays association fees to One
20 Waterfront; is that correct?

21 A. Yes.

22 Q. What is the business purpose of those
23 payments?

24 A. I don't know.

25 Q. On the two additional loans that you
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Ex C

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1 said you make monthly payments to First Hawaiian
2 Bank on, what are the amounts of those payments?
3 A. Mm, approximately 15,000.
4 Q. Is that for one loan?
5 A. Yes, one loan.
6 Q. And how much for the other loan?
7 A. Same.
8 Q. So a total of approximately \$30,000?
9 A. Yes.
10 Q. Are those two loans paid current?
11 A. Yes.
12 Q. Okay, I would like to show you the
13 April, 2011, statement on account 98-67485. There's
14 a debit reflected on April 7th of 2011 of
15 \$74,180.12.
16 A. Yes.
17 Q. What's that?
18 A. I had to do a transfer of debit, a
19 transfer of debit credit. Oh, that's the parts
20 statement that I was telling you they charge us,
21 this is what we had to pay, this is what they
22 charged the account. And if you notice the next day
23 on the 8th, I had transferred 74,000 because it was
24 OD on the 7th, and I had to pay for the parts
25 statement.

Ex C
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- 1 Q. Okay, so that money went to Volvo then?
- 2 A. Yes. This is the manufacturer account
- 3 we are looking at.
- 4 Q. Okay, okay. Okay, then I guess next I
- 5 would like to take a look at February and April --
- 6 no. December, 2010, on account 65-64847. What is H
- 7 R T L A N D payment sys?
- 8 A. Charge card payment.
- 9 Q. Pardon me?
- 10 A. Charge card payments.
- 11 Q. So that's payments you collect from
- 12 credit cards?
- 13 A. Yes.
- 14 Q. Okay. Okay, so is it correct that there
- 15 was about a million and a half deposited into that
- 16 account and about 1,200,000 withdrawn from it --
- 17 A. Yes.
- 18 Q. -- in December of 2010?
- 19 A. Yes, that's what it shows.
- 20 Q. Where did the 1,200,000 go?
- 21 A. Well, it shows here all the details. I
- 22 would have to pull all of these things out.
- 23 Q. Okay.
- 24 A. Majority, I would say First Hawaiian
- 25 Bank for flooring.

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Ex C

1 Q. Okay, well, is this a typical month as
2 far as the amount that you take in in a month?

3 A. I -- I can't recall. I would have to
4 look.

5 Q. Okay, and then there's a debit on
6 December 31, 2010?

7 A. Which one?

8 Q. At page 955 --

9 A. Okay.

10 Q. -- \$2,285.99.

11 A. Yes.

12 Q. Looks like it was to Marc G. Jackson.

13 A. No. We paid his charge. Every month we
14 pay the American Express account which is, yes, Marc
15 Jackson's account.

16 Q. Okay, I see, so that's Marc Jackson's
17 credit card bill?

18 A. Yes, that he uses for business, yes.

19 Q. That's what I was going to ask, so
20 what's the business purpose of paying Marc Jackson's
21 credit card bill?

22 A. It is company.

23 Q. Okay. Do you have Mr. Marc Jackson's
24 credit card bills here on the site?

25 A. Yes.

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1 Q. Okay. So if we ask for copies of those,

Ex C

2 you could provide them to us?

3 A. Yes.

4 Q. And it is your testimony that the
5 expenses are business related expenses?

6 A. Yes, he turns in a business statement.

7 Q. Okay. Do you pay any other employees'
8 credit card bills?

9 A. No.

10 Q. What about Mr. Jackson?

11 A. Oh, I'm sorry, yes.

12 Q. So you pay Mr. Clarence Jackson's credit
13 card bill?

14 A. Yes.

15 Q. And Marc Jackson's credit card bills?

16 A. Yes, but it's under the company.

17 Q. Right.

18 A. Yes.

19 Q. But you don't pay anybody else's credit
20 card bills?

21 A. No.

22 Q. No other employees get that benefit?

23 A. Well, if we use our credit card for
24 business, then we get reimbursed.

25 Q. Okay, and how often does that happen?

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1 A. Maybe I -- I can't recall how -- how
2 often, but it does happen.

3 Q. Okay. Does it happen more often with

4 Marc Jackson and with Jack Jackson ^{EX C} than with the
5 others?
6 A. No.
7 Q. Okay. Look at the top of page 955. The
8 second debit there is \$16,151.48.
9 A. Yes.
10 Q. What is that for?
11 A. We also pay all of our -- a lot of our
12 business things like advertising, tv, things like
13 that.
14 Q. Mm-hm, so is that a payment of a credit
15 card bill also?
16 A. Yes.
17 Q. Okay, and that's -- is that Marc
18 Jackson's credit card or Clarence E. Jackson's
19 credit card?
20 A. Clarence E.
21 Q. Okay, and do you have Mr. Jack Jackson's
22 credit card bills here also?
23 A. Yes.
24 Q. What else do you pay of Mr. Jackson's in
25 addition to the association fees at One Waterfront

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1 and his credit card? What other obligations of his
2 are you responsible for?
3 A. I guess I can get a list if you would
4 like.
5 Q. Okay, I guess I would like that, but if

6 you can just tell me off the top of your ^{Ex C} memory?
7 A. I can't tell you off the top of my head.
8 Q. You don't remember any others?
9 A. I don't remember everything.
10 Q. I don't understand you don't remember
11 everything --
12 A. Yeah.
13 Q. -- but I am entitled to know what you do
14 remember.
15 A. Let's see.
16 Q. Oh, we have got the life insurance too?
17 A. Yeah. There is another charge card, but
18 that's all charged to shareholders.
19 Q. So there's an American Express card, and
20 then there's another credit card?
21 A. Mm-hm. Discover, I think?
22 Q. Okay, and you pay the Discover card
23 also?
24 A. Yes.
25 Q. And then I think I heard you say that

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1 the Discover card payments are charged to a
2 shareholder distribution of some kind, correct?
3 A. Yes.
4 Q. And then you said that the \$2,000
5 payments to Jimmy are also shareholder
6 distributions?
7 A. Yes.

Ex C

8 Q. What else?
9 A. I can't remember because I don't.
10 Q. That's all you can recall?
11 A. Yeah.
12 Q. How much is Mr. Jackson's salary?
13 A. \$10,000.
14 Q. Okay, and what does he do here?
15 A. I think he does everything, pretty much
16 operates the whole business.
17 Q. Okay. Can you be any more specific than
18 that?
19 A. No. He just operates the whole
20 business.
21 Q. Okay, does he sell cars?
22 A. If he needs to, yes.
23 Q. How do you know if he needs to?
24 A. Because I see him talking to customers
25 outside.

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1 Q. Okay, looks like the payroll has
2 payments of \$3,800 or so, \$3,815.66 to somebody,
3 looks like that's the highest paycheck on the
4 payroll. Do you know whose that is?
5 A. Not offhand, no.
6 Q. Okay, well, who gets the biggest
7 paycheck at the company here?
8 A. Could be a service writer.
9 Q. Okay.

Ex C

- 10 A. Could be a salesman.
- 11 Q. Okay, so do you have people who make
- 12 more than \$10,000 a month?
- 13 A. We've had, mm-hm.
- 14 Q. Okay, do service writers' pay vary
- 15 monthly?
- 16 A. Yes.
- 17 Q. Depending on how much service they
- 18 write?
- 19 A. Yes.
- 20 Q. And I take it the same is true of
- 21 salesmen?
- 22 A. Salesmen, yes. And managers.
- 23 Q. Sales managers?
- 24 A. All managers.
- 25 Q. Okay. So if somebody is getting a

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- 1 regular payment month after month, if the payroll
- 2 records reflect a payment of \$3,815.66, if it is
- 3 regular from month to month, would that indicate
- 4 that it is not a manager or a salesman or a service
- 5 writer?
- 6 A. Mm-hm, yes.
- 7 Q. Okay so who would that be?
- 8 A. I would -- I would have to go and check.
- 9 Q. Okay. So the records that were produced
- 10 to us show a payment drawn on Bank of Hawaii to
- 11 Clarence E. Jackson January 15, 2009, for \$4,799.40.

Ex C

12 Do you know what that was for?

13 A. No, I don't.

14 Q. Was that in addition to Mr. Jackson's
15 salary?

16 A. I can't answer, unless I see the
17 document.

18 Q. Okay.

19 A. The actual document.

20 (Discussion off the record.)

21 MR. SMITH: Okay, maybe we should take
22 our recess now and go look at that stuff.

23 (Recess was taken.)

24 Q. (By Mr. Smith) Okay, Ms. Tesoro --

25 A. Yes.

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1 Q. -- after our recess, were you able to
2 find the documents that you were looking for?

3 A. Yes.

4 Q. Okay, can you show me what you have got
5 there?

6 A. That's one of them.

7 Q. Okay, the first one, it says issued by
8 Malama, and it says Clarence E. Jackson home owners,
9 so this is when I asked what is the First Insurance
10 bill --

11 A. Right.

12 Q. -- that you would pay?

13 A. That's his home owner's insurance.

14 Q. So this is related to Mr. Jackson's^{EX C}
15 personal residence?

16 A. Yes.

17 Q. What is the business purpose of JJCO
18 paying this bill?

19 A. Well, we paid it and charged it to his
20 shareholder.

21 Q. Okay, so it's a shareholder advance?

22 A. Yes.

23 Q. Okay, and you pay the insurance bills
24 how often? Every month or --

25 A. I think that's for a whole period it

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1 shows here. This is for the whole year.

2 Q. Okay, so I should add Mr. Jackson's home
3 owner's insurance to the list of things that JJCO
4 pays; is that right? Correct?

5 A. Yes.

6 Q. Okay, what else did you find?

7 A. The two payroll checks that you
8 questioned, yes, it is Mr. Jackson's.

9 Q. Okay, so check number 35559 for
10 \$3,815.66 is a payroll check payable to Mr. Jackson;
11 the same for 35500, correct?

12 A. Yes.

13 Q. And did you say that your payroll is
14 processed three times a month or twice a month?

15 A. Three times a month. Twice a month for

16 regular pay periods, and then we have one that's for
17 the incentives for the prior month.

18 Q. Okay, so does Mr. Jackson get incentive
19 payroll too?

20 A. No, he does not.

21 Q. Okay. So Mr. Jackson would receive two
22 paychecks with a net amount of \$3,815.66?

23 A. Yes.

24 Q. And that's true through the present
25 time?

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1 A. Yes.

2 Q. Okay.

3 A. Next one is the one \$15,000 loan.

4 Q. And just to further clarify or not, the
5 \$15,000 amount is actually \$15,940.59, correct?

6 A. Yes.

7 Q. And that is the monthly payment on the
8 loan --

9 A. Yes.

10 Q. -- correct?

11 MR. KING: At least for that particular
12 month that you are looking at.

13 THE WITNESS: Right.

14 Q. (By Mr. Smith) Okay, does the amount of
15 the monthly payment vary from month to month for
16 this loan?

17 A. Yes.

18 Q. And what's the reason for that? ^{Ex C}
19 A. The interest and days, number of days
20 per month.
21 Q. Okay. Were you able to determine who is
22 the borrower on the loan with the \$15,000,
23 \$15,940.59 payment?
24 A. That one, I don't have documents on.
25 Q. Okay, what's next? If we can leave

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1 these out, I am going to ask to get copies of them
2 one way or another here.
3 A. Okay.
4 Q. The other one --
5 MR. KING: Just let us know who your
6 copier is again, and we will provide those to him.
7 MR. SMITH: Perfect.
8 Q. (By Mr. Smith) This one is something
9 with a \$2,981.99 payment.
10 A. I have to explain that one to you.
11 Q. Okay.
12 A. Because it is actually 15,000 about. I
13 said there was a second loan for 15,000.
14 Q. Right.
15 A. what happened is he had made some kind
16 of change, and if you look back here, it was 15,000,
17 and he made some kind -- I think the bank messed up
18 because here they only charged us interest, and then
19 we had to pay the additional \$12,500 which is the

20 principal, and then they only charged^{Ex C} for the
21 interest, and I am sure they are going to ask me for
22 the twelve five. I don't know when they are going
23 to figure it out. And then again, they charged me
24 only for the interest, so it is normally 15.

25 Q. Okay.

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1 A. It's confusing.

2 Q. Okay, and who is the borrower on this
3 loan?

4 A. This one is JJCO, Inc. He signed it
5 Clarence E. Jackson.

6 Q. Okay, so you have the promissory note
7 there?

8 A. Yes, I have it up through 9-2010, so at
9 that point, he had I guess redone it, but I don't
10 have that copy.

11 Q. Okay, all right. So, okay, so this is a
12 loan for \$812,000, \$812,500?

13 A. Mm-hm.

14 Q. And it is dated February 25, 2010, okay.
15 what else do you have?

16 A. That's it.

17 Q. All right.

18 A. Oh, one more. The American Express, I
19 want to show you that this is what one month looks
20 like. If you want the three years, it will take me
21 a while to make copies of everything, so I thought I

22 would bring one month to show you what it looks
23 like.

24 Q. Okay, I will take a quick look at that.

25 A. On that first section is the actual

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1 statements.

2 Q. Okay. We will take a look at our needs
3 and see if we need it for three years, or if we can
4 do with a shorter time period. Okay, let's pile all
5 of that to one side, and let's look at some more
6 check register entries.

7 A. All right.

8 Q. Can we put the 2009 in front of her?

9 A. Okay.

10 Q. Starting with page 2394.

11 A. Okay.

12 Q. Thank you. Okay, on page 2394, I am
13 looking at the entry for January 2, 2009, one, two,
14 three, the fourth entry from the top of the page.

15 A. Okay.

16 Q. Okay, it shows a payment of
17 \$20,383.56 --

18 A. Correct.

19 Q. -- and it appears to be that the payment
20 was made to JJCO Properties; is that right?

21 A. No, First Hawaiian Bank. Do you see on
22 the top?

23 Q. Okay.

24 A. ^{Ex C} Which was for this loan that we were
25 just discussing.

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1 Q. Which one?
2 A. The account numbers are . . .
3 Q. The one with the \$15,000 payment, or the
4 one with the interest only payment?
5 A. The \$15,000 payment.
6 Q. Okay, so the first one we looked at?
7 A. Yes, yes.
8 Q. Okay. So what does JJCO Properties,
9 LLC, have to do with that loan?
10 A. She could have just put that in error
11 and got confused with the two loans. I don't know.
12 Q. Okay, after JJCO Properties, LLC, it
13 then says the CEJJ trust?
14 A. Mm-hm.
15 Q. What does that --
16 what is the relationship of the CEJJ
17 trust to that loan?
18 A. Like I said, I think she just -- oh, no,
19 that is the one, the first one we looked at, it's
20 the same loan. It's just the payment was reduced.
21 This is the first one we looked at.
22 Q. Okay, and what does the CEJJ trust have
23 to do with that loan?
24 A. I have no idea. I don't know.
25 Q. Okay, and then it says Clarence E.

Ex C

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1 Jackson. What does Clarence E. Jackson have to do
2 with that?

3 A. I don't know. It says that on here as
4 well.

5 Q. It says the same thing --

6 A. Yeah.

7 Q. -- as it says on your check register?

8 A. Mm-hm.

9 Q. Okay. Do you know if JJCO Properties,
10 LLC, is a borrower on that loan?

11 A. I don't know.

12 Q. Do you know if JJCO Properties, LLC, put
13 up any collateral for that loan?

14 A. I don't know.

15 Q. Do you know if JJCO, Inc., received any
16 of the funds that were loaned under this loan?

17 A. I can't recall.

18 Q. Okay. Okay, let's go to page 2395, the
19 next page. I would like you to take a look at the
20 second entry on that page.

21 A. Okay.

22 Q. Okay, it shows a payment of \$4,799.40,
23 right?

24 A. Yes.

25 Q. Who was the payment made to?

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- 1 A. Bank of Hawaii.
- 2 Q. It says for Clarence E. Jackson. What
- 3 does that mean?
- 4 A. I would have to pull this document out.
- 5 Q. Okay, so you don't know what that means?
- 6 A. No.
- 7 Q. Did that go into a JJCO, Inc., bank
- 8 account?
- 9 A. No. Because it was made out to Bank of
- 10 Hawaii.
- 11 Q. Okay. Does Mr. Jackson have a credit
- 12 card with Bank of Hawaii?
- 13 A. No.
- 14 Q. Okay, so as we sit here today, we don't
- 15 know why money was paid --
- 16 well, what is the reference to account
- 17 number 589549-6?
- 18 A. What she does is she just puts the
- 19 account number on whatever she is paying for, and
- 20 like I said, back in 2009, I can't remember exactly
- 21 what that payment was for. I would have to pull the
- 22 actual check out and documents to see.
- 23 Q. Okay. One, two, three more down on the
- 24 same page, there is a payment of \$2,000.
- 25 A. Mm-hm.

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EX C

- 1 Q. Can you answer yes or no, please?
- 2 A. Yes.
- 3 Q. And that payment of \$2,000 on January
- 4 7th of 2009 --
- 5 A. Yes.
- 6 Q. -- is to account number 52914921,
- 7 Capital One Bank.
- 8 A. Yes.
- 9 Q. And then it says Clarence E. Jackson?
- 10 A. Yes.
- 11 Q. What is that?
- 12 A. That was a charge card that he had back
- 13 then which was charged to his share draw account.
- 14 Q. So that was a payment for Mr. Jackson's
- 15 credit card --
- 16 A. Yes.
- 17 Q. -- expenses?
- 18 A. Yes.
- 19 Q. Now, were those business related
- 20 expenses?
- 21 A. No. That's why it was charged to his
- 22 shareholder.
- 23 Q. Okay, so those are shareholder draws --
- 24 A. Yes.
- 25 Q. -- that he was receiving?

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- 1 And how was 2009, how was business in
- 2 2009 at JJC? Was it a good year --

Ex C

3 A. No.
4 Q. -- or a slow year?
5 A. Slow, slow.
6 Q. Okay. Then two pages further on, page
7 2397, the first entry on the page.
8 A. Mm-hm.
9 Q. I need you to answer yes or no.
10 A. Yes.
11 Q. Shareholder advance to Jimmy Loeak,
12 \$2,000?
13 A. Yes.
14 Q. I think you --
15 Am I correct in saying that your
16 testimony is that this is actually an advance to Mr.
17 Jackson?
18 A. Yes.
19 Q. So the way that worked is that you would
20 write the check to Mr. Loeak?
21 A. Yes.
22 Q. And Mr. Loeak then would go to the bank
23 and cash it?
24 A. Yes.
25 Q. And bring the money back and give it to

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1 Mr. Jackson?
2 A. Give it to me, and I will give it to Mr.
3 Jackson, yes.
4 Q. Okay. The next item I want to ask you

Ex C

5 about is on page 2400.

6 Oh, by the way, the Capital One credit
7 card account, that should be added to the credit
8 card accounts and the other payments that Mr.
9 Jackson receives for the company?

10 A. As far as today?

11 Q. Correct.

12 A. That card has been closed.

13 Q. Okay, but for the period that the card
14 existed, that was the way that credit card was
15 handled; is that correct?

16 A. Yes.

17 Q. Okay. So on page 2400, the one, two,
18 three, four, the fifth item down, again refers to
19 account number 45909980, Bank of America, Clarence
20 E. Jackson.

21 A. Yes.

22 Q. January, 2009, statement balance.
23 What's that about?

24 A. I will have to pull that document.

25 Q. Okay, you don't know?

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1 A. I can't remember --

2 Q. Okay.

3 A. -- exactly what that was.

4 Q. Well, it says statement balance. Did
5 Mr. Jackson have a credit card with Bank of America?

6 A. I can't remember.

Ex C

7 Q. Okay. Did JJCO pay any kind of
8 statement balances for Mr. Jackson other than credit
9 card balances?

10 A. No.

11 Q. Okay. So in your memory, you don't
12 remember any other kind of statement balance --

13 A. No.

14 Q. -- that this could be?

15 A. No.

16 Q. Okay, the next item after this one is
17 Capital One Bank for \$2,000 again.

18 A. Mm-hm, yes.

19 Q. Is that another credit card payment?

20 A. Yes, I think this is the same credit
21 card.

22 Q. Okay, and then if you move down one, two
23 more items --

24 A. Yes.

25 Q. -- you have JJCO Properties, LLC, and

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1 then it says Hawaii State tax period ending 12-08.

2 A. Yes.

3 Q. What's that about?

4 A. That's the GET taxes for that year, and
5 we charged it to his shareholder advance.

6 Q. So this is JJCO Properties, LLC's
7 liability?

8 A. Yes.

Ex C

- 9 Q. And that's being paid by JJCO, Inc.?
- 10 A. Yes.
- 11 Q. And that's being charged to whom?
- 12 A. His shareholder draw account.
- 13 Q. So you are paying the taxes owed by JJCO
- 14 Properties?
- 15 A. To Hawaii State tax office.
- 16 Q. Owed to the State?
- 17 A. Yes.
- 18 Q. And you are attributing that to a
- 19 shareholder draw --
- 20 A. Yes.
- 21 Q. -- by Mr. Jackson personally?
- 22 A. Yes.
- 23 Q. Okay, now, do you know if Mr. Jackson
- 24 owns the shares of JJCO?
- 25 A. I don't know.

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- 1 Q. Okay. I was curious, is there a trust
- 2 that owns the shares, or does Mr. Jackson own the
- 3 shares?
- 4 A. I don't know.
- 5 Q. Okay, who would know that other than Mr.
- 6 Jackson, if anybody?
- 7 A. I would think Mr. Jackson himself.
- 8 Q. Okay. Okay, let's go to page 2401.
- 9 Let's count up from the bottom this time, the sixth
- 10 transaction from the bottom.

Ex C

11 A. Yes.

12 Q. There are two -- I gather there's two
13 payments there totalling \$63,438?

14 A. Yes.

15 Q. Are those the two loans that you
16 described earlier?

17 A. No.

18 Q. What are those?

19 A. These are flooring payments.

20 Q. Okay, how can you tell?

21 A. There's a VIN number and stock number
22 there, and it is typed by myself.

23 Q. Okay, so these are for vehicles that
24 JJCO sold?

25 A. Yes.

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1 Q. And you had to pay off the flooring loan
2 from First Hawaiian?

3 A. Yes.

4 Q. Okay. And then right below that,
5 there's a payment of \$2,000 to Jackson Auto
6 something. What's that?

7 A. I will have to check that one.

8 Q. Okay, you don't know?

9 A. I don't know.

10 Q. Okay. Then two below that is a payment
11 to One Waterfront. Is that Mr. Jackson's
12 association fees at his home?

Ex C

13 A. Yes.

14 Q. Now, is that also a shareholder draw,
15 then?

16 A. Yes.

17 Q. Okay, the next page I want to ask you
18 about is 2405, and the second item from the top of
19 the page --

20 A. Yes.

21 Q. -- account 589549-9?

22 A. Yes.

23 Q. And then there's an F there, and then it
24 says Bank of Hawaii. What is that?

25 A. I don't know. I will have to pull the

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1 check out.

2 Q. Did Mr. Jackson have a loan with Bank of
3 Hawaii?

4 A. I think he did. I can't recall when --

5 Q. Okay.

6 A. -- so I will have to actually pull the
7 document to make sure.

8 Q. Okay. And this doesn't say. Was this a
9 shareholder draw also then?

10 A. If it was a loan, then, yes, majority of
11 the things were charged to his shareholder draw.

12 Q. Okay.

13 A. Everything was charged to his
14 shareholder draw.

Ex C

15 Q. Can you think of any business purpose
16 that JJCO would have to be writing a check to Bank
17 of Hawaii?

18 A. I don't know.

19 Q. Okay. The next transaction down --

20 A. Mm-hm, yes.

21 Q. -- Central Pacific, care of Jackson Auto
22 Group, January, 2009. What is that about?

23 A. I don't know. I would have to look that
24 up.

25 Q. Does Jackson --

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1 Does JJCO do any banking business with
2 Central Pacific Bank?

3 A. 2009, yes.

4 Q. What banking relationships does JJCO
5 have with Central Pacific Bank?

6 A. I will have to pull the document to tell
7 you exactly.

8 Q. What do you know about it?

9 A. I don't know.

10 Q. You know there's a relationship, but you
11 don't know what it is?

12 A. I know there was a bank account, but I
13 don't know what -- I don't know exactly what it was
14 about, so I need to look at it before I can know.

15 Q. Okay. Page 2407, account number

16 594909980, Bank of America, Clarence E. Jackson,
Page 53

Ex C

17 February, 2009, statement. What's that?

18 A. I don't know. I would have to go pull
19 it out.

20 Q. Okay, you don't know, and you already
21 testified, I think, you don't know whether it is a
22 credit card or what it is?

23 A. I don't. I will have to pull the
24 documents to make sure.

25 Q. Okay. Okay, three transactions down, we

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1 have got real property tax payments.

2 A. Yes.

3 Q. Whose real property taxes were paid?

4 A. This looks like Hilo.

5 Q. Okay, it says property address Onohi
6 Loop.

7 A. That's his house.

8 Q. Okay, what island is this located on?

9 A. Hilo.

10 Q. Okay, so this is a home in Hilo?

11 A. Well, not -- it's a -- oh, what do you
12 call that? I don't know how to explain it. Retreat
13 home.

14 Q. Okay, and who is the owner of that home?
15 You said it's --

16 A. Mr. Jackson.

17 Q. Okay, you said it's his house. Now,
18 that's Mr. Clarence Jackson, right?

Ex C

19 A. You know, honestly, I don't know if
20 that's his house or whose house.

21 Q. Okay.

22 A. But I know this was for Hilo.

23 Q. Okay. It says property owner JJC0?

24 A. Mm-hm.

25 Q. Is that JJC0, Inc., or JJC0 Properties

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1 or some other JJC0?

2 A. I don't know.

3 Q. What is the business purpose of JJC0,
4 Inc., paying this property tax bill?

5 A. In order for me to know, I have to pull
6 this document out and look at it.

7 Q. How would looking at the document
8 indicate what the business purpose was of paying
9 this real property tax bill?

10 A. Well, if he tells me to pay it, and it
11 is charged to his shareholder's advance, I wouldn't
12 know until I look at the document.

13 Q. Okay. So it may be that this is a share
14 --

15 A. Yeah.

16 Q. -- and the only business purpose is an
17 advance to the owner?

18 A. Yes.

19 Q. Okay. And the reason it was paid is
20 because Mr. Jackson said to pay it; is that right?

Ex C

21 A. Yes.

22 Q. Okay, let's go to the next item right
23 below that one. That's another tax bill --

24 A. Yes.

25 Q. -- for 425 South Street.

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1 A. Yes.

2 Q. What was the business purpose of paying
3 that real property tax bill?

4 A. If he tells us to pay it, I mean, we
5 have been paying this and charging it to his share
6 draw.

7 Q. Okay.

8 A. That one, yeah.

9 Q. So this \$1,792.89 is another shareholder
10 draw?

11 A. Yes.

12 Q. Okay. So in addition to the other
13 things that we talked about that JJC0 pays for Mr.
14 Jackson, the real property taxes on his residence
15 would be another item to add to that list?

16 A. Yes, yes.

17 Q. Page 2410, five up from the bottom,
18 another payment to Capital One Bank?

19 A. Mm-hm.

20 Q. Is that a shareholder draw, or what is
21 this?

22 A. Yes, that's the same one, same account.

Ex C

23 Q. Okay. Page 2412, at the very top,
24 customer number 39-54460, First Hawaiian Bank, the
25 CEJJ trust, Clarence E. Jackson, payment of

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1 \$14,107.88. What is that?

2 A. That's the same loan that we discussed
3 earlier, the 15,000, the same loan number.

4 Q. Okay. What does the CEJJ trust have to
5 do with that?

6 A. I don't know.

7 Q. Okay. Is this a shareholder draw also,
8 then?

9 A. No.

10 Q. Okay, well, what is the business purpose
11 of this payment?

12 A. I don't know. This loan was just here,
13 and we just continued paying. It was here before I
14 even got here.

15 Q. Now, we talked about how you moved on to
16 this property in 2008?

17 A. Yes.

18 Q. When you say before you got here, is
19 that what you are talking about?

20 A. No, I'm talking about when I started
21 with the company in 2006.

22 Q. Okay. Okay, and so you don't -- you
23 just never --

24 You have been paying it ever since 2006?
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Ex C

25 A. (Witness nods head up and down.)

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1 Q. Correct?

2 A. Yes.

3 Q. And you don't know what CEJJ trust or

4 Clarence E. Jackson have to do with that?

5 A. No.

6 Q. And you don't know if JJCO, Inc., got
7 any of the funds that were loaned under this loan?

8 A. No.

9 Q. Page 2415, five down, Shell Commercial
10 City Bank South Dakota. Is that like the payoff of
11 a car or what?

12 A. No. That was our Shell charge card, gas
13 card. I settled that one.

14 Q. Can you explain what that was? Since
15 you settled it, you probably know something about
16 that one.

17 A. No, it's just that we had a charge card
18 account when you charge gas to Shell --

19 Q. Okay.

20 A. -- and then we moved, and there were
21 charges and charges on it, like interest charges, so
22 we settled agreement to pay this amount --

23 Q. I see.

24 A. -- versus the balance.

25 Q. So the balance was \$6,495.23, and you

EX C

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1 got shell to release you in exchange for a payment
2 of \$3,247.61?

3 A. Yes.

4 Q. I take it the card was cancelled --

5 A. Yes.

6 Q. -- at that point?

7 A. Yes.

8 Q. Page 2417, Onomea Bay Ranch gate and
9 roadway maintenance. I'm sorry. Six up from the
10 bottom.

11 A. Yes.

12 Q. what is that about?

13 A. I will have to pull the check out.

14 Q. Okay. There are a number of checks
15 reflected in these documents for Onomea Bay Ranch --

16 A. Yes.

17 Q. -- and are those shareholder draws also?

18 A. Yes. well, not -- don't let me say yes.
19 Let me check first.

20 Q. Okay. Next page, 2418. The second
21 item, Central Pacific, Jackson, care of Jackson Auto
22 Group.

23 A. Yes.

24 Q. what is that?

25 A. I will have to pull that out.

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- 1 Q. Okay, again, you don't know?
- 2 A. No, I don't.
- 3 Q. And this doesn't trigger your memory at
- 4 all as far as what you folks do with Central
- 5 Pacific?
- 6 A. No, I can't remember.
- 7 Q. Okay.
- 8 A. I don't want to say something and give a
- 9 wrong answer.
- 10 Q. I understand.
- 11 A. It is better that I pull the document.
- 12 Q. Okay, 2422.
- 13 A. Okay.
- 14 Q. The third item is another capital one
- 15 payment?
- 16 A. Same account number.
- 17 Q. So this is Mr. Jackson's credit card
- 18 then?
- 19 A. Yes.
- 20 Q. And it's a shareholder draw?
- 21 A. Yes.
- 22 Q. Next page, 2423, four items down,
- 23 there's a payment of First Hawaiian Bank?
- 24 A. Mm-hm.
- 25 Q. And that actually shows -- it says --

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1 It doesn't say JJ trust or any of those ^{Ex C}
2 things. It says JJCO, Inc., here.
3 A. Right, that's the other \$15,000 loan.
4 Q. Okay, so this is a loan repayment?
5 A. Yes, it is.
6 Q. This isn't a payoff of a flooring loan
7 on a car?
8 A. Correct.
9 Q. How can you tell?
10 A. I can tell by the account number because
11 the flooring car payment will have the VIN number
12 and stock number.
13 Q. Okay. Page 2426, six up from the
14 bottom, I'm not sure I understand what this one is.
15 It looks like there's \$2,000, and then there's
16 another \$2,000 with a minus in it.
17 A. Yeah. What happened, we made a mistake,
18 voided that check and reissued, if you look right
19 below.
20 Q. Okay, so this first one where there's
21 two, that's a check that was voided?
22 A. Yes.
23 Q. Okay, and then below that is 2,000 to
24 Jimmy Loeak?
25 A. Yes.

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1 Q. And that's a shareholder draw to Mr.
2 Jackson?

Ex C

3 A. Yes.

4 Q. Just like the others that we talked
5 about?

6 A. Yes.

7 Q. We don't need to do all of them because
8 I think we pretty well understand what all of those
9 \$2,000 payments to Mr. Loeak are here.

10 A. Yes.

11 Q. Okay, and then down the second to the
12 last on this page is another payment, I gather it is
13 to First Hawaiian Bank, and then it says JJCO
14 Properties, LLC, CEJJ trust, Clarence E. Jackson.

15 A. Yes.

16 Q. Okay, and your testimony is that this is
17 a loan payment to First Hawaiian?

18 A. Yes, it is.

19 Q. And that you don't know why JJCO
20 Properties, LLC, CEJJ trust and Clarence E. Jackson
21 are identified on this?

22 A. Yes.

23 Q. Okay. And for any other similar entries
24 in this check register, your answer is going to be
25 the same?

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1 A. Correct.

2 Q. Okay, let's put that one away, and let's
3 take a quick look at the 2010 ledger. Do you have
4 it in front of you?

Ex C

5 A. Yes.

6 Q. Okay, so the third one from the bottom
7 on the first page, 2559 --

8 A. Yes.

9 Q. -- that is an association fee?

10 A. Yes.

11 Q. For Mr. Jackson's residence?

12 A. Yes. Not association fee. It is the
13 maintenance fees, monthly maintenance and things
14 like that.

15 Q. Very good. And then on page 2560, the
16 third from the bottom is a payment to Jimmy Loeak,
17 and I think we talked about those, unless there's
18 something different on that one?

19 A. No, same.

20 Q. Okay. Page 2562, sixth from the bottom,
21 there's a payment to Macy's again.

22 A. Yes.

23 Q. What's that?

24 A. His Macy's charge card that was charged
25 to his shareholder's draw.

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1 Q. Okay, so that's another --

2 A. Yes.

3 Q. -- shareholder draw in 2010, it's a
4 payment of Mr. Jackson's personal expense?

5 A. Yes.

6 Q. And the same is true at the top of page

7 2570, there is another payment to Macy's?^{Ex C}

8 A. Let me see. The second one, which one?

9 Q. Page 2570, the first entry on the page.

10 A. Yes.

11 Q. So in addition to the other credit cards
12 and the association fees and the life insurance, the
13 other -- another personal obligation that JJCO,
14 Inc., pays for Mr. Jackson is his Macy's card; is
15 that correct?

16 A. Yes.

17 Q. Okay, page 2571, second from the top of
18 the page is rent, JJCO Properties. Is this the Hilo
19 property again?

20 A. Yes.

21 Q. And, again, I think your testimony is
22 that at some point JJCO, Inc., just stopped paying
23 that?

24 A. Yes.

25 Q. And there was no repercussions that came

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1 about as a result of that?

2 A. Yes.

3 Q. Okay, and then down more towards the
4 middle of the page, five from the bottom, there's
5 another payment to First Hawaiian Bank, JJCO
6 Properties, the CEJJ trust, Clarence E. Jackson, and
7 your testimony is that that is a repayment of a
8 loan, and you don't know why these other entities

EX C

9 are listed here, correct?

10 A. Yes.

11 Q. I think I have asked this already about
12 the other loan, but for this loan, do you know if
13 JICO, Inc., received any of the properties of this
14 loan?

15 A. I don't know.

16 Q. Okay, and you don't know if any of the
17 parties listed here, JICO Properties, the CEJJ
18 trust, or Clarence E. Jackson received any
19 consideration in relation to this loan?

20 A. I don't know.

21 Q. Okay. And right below that transaction,
22 it looks like there's another condo maintenance fee;
23 is that right?

24 A. Yes.

25 Q. And then on page 2575, there's four

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1 items from the top is another payment of Mr.
2 Jackson's Macy's bill?

3 A. Yes.

4 Q. And that was a shareholder draw also?

5 A. Yes.

6 Q. Okay, page 2577, five from the bottom,
7 what's that one?

8 A. That's one of these two First Hawaiian
9 Bank loans.

10 Q. Okay. That's the loan that doesn't say

EX C

11 CEJJ trust and all those things next to it?

12 A. Well, I don't know the exact account
13 number, but, no, that's the other one.

14 Q. Okay, page 2579.

15 A. 2579, okay.

16 Q. It looks like the second item on this
17 page is a loan Marc G., Jack, First Hawaiian Bank.
18 Can you explain what that is?

19 A. That's some loan Jack made for Marc, I
20 think it was.

21 Q. Okay, I guess that's what I am --
22 what does First Hawaiian Bank have to do
23 with this loan?

24 A. You have got to ask Jack that question.

25 Q. Okay.

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1 A. I don't know.

2 Q. Okay, so do you know who is the lender
3 on this loan?

4 A. First Hawaiian Bank.

5 Q. And who is the borrower on this loan?

6 A. I don't know. Between --

7 Q. Okay.

8 A. I don't know about the loans.

9 Q. Okay, and who is responsible for
10 repayment of the loan?

11 A. Marc.

12 Q. Okay. Do you have any paperwork related

Ex C

13 to that loan?

14 A. No, I don't.

15 Q. Okay. If Marc is responsible for the
16 repayment, why is this reflected on JJCO's check
17 ledger?

18 A. You need to speak to Jack about that.

19 Q. Okay, it's here because Jack Jackson
20 said to put it here; is that right?

21 A. Yes.

22 Q. Okay. The item right below that is a
23 cancellation of something related to Bank of Hawaii.
24 What is that?

25 A. Oh, GAP cancellation, the \$12.81?

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1 Q. Correct, what is that?

2 A. That's when a customer cancels his GAP
3 insurance, and that's the portion that we have to
4 reimburse them on this vehicle with that VIN number,
5 that's what that means.

6 Q. Okay, and GAP insurance is what? Can
7 you just explain that?

8 A. No.

9 Q. No?

10 A. I know it is insurance for the gap
11 between the loan payoff and in case they get into an
12 accident --

13 Q. Okay.

14 A. -- so it's insurance.

15 Q. Okay, page 2588, at the top of the page,
16 that's another personal credit card bill of Mr.
17 Jackson's that was paid?

18 A. Yes.

19 Q. And at the bottom of page 2589, that's
20 the condo maintenance fee of Mr. Jackson that's paid
21 again?

22 A. Yes.

23 Q. And on page 2592, the property taxes on
24 Mr. Jackson's condo were paid?

25 A. That was voided out.

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1 Q. Okay. All right, fair enough. So do
2 you know if JJCO, Inc., paid the taxes on Mr.
3 Jackson's condo?

4 A. It's right below, if you look two lines
5 below.

6 Q. All right.

7 A. Do you see it?

8 Q. The next item?

9 A. The one next after that.

10 Q. The one I get next after that is Mr.
11 Jackson's Macy's card.

12 A. The one after that.

13 Q. Okay, I see. So that's the one that --

14 A. Yeah.

15 Q. -- reflects payment of --

16 A. Yes.

17 Q. -- Mr. Jackson's maintenance fees?
18 A. Yes.
19 Q. Or, no, his real property taxes?
20 A. Yes.
21 Q. Page 2597, seventh from the bottom, is
22 that a credit card payment?
23 A. Discover.
24 Q. Okay, that's Mr. Jackson's Discover
25 card?

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1 A. Yes.
2 Q. And then on page 2598, six lines from
3 the bottom is a payment to First Hawaiian Bank, I
4 gather this is related to one of the two loans with
5 \$15,000 a month payments; is that right?
6 A. What amount is this for?
7 Q. \$15,426.37?
8 A. Yes, yes.
9 Q. The entry is a little different than the
10 others. It just says trust and then Clarence E.
11 Jackson.
12 A. Yes.
13 Q. Why is that?
14 A. Maybe the payable girl got lazy to type.
15 Q. Okay, so that's not reflective of a
16 different loan or anything like that, then?
17 A. No. The loan number is the same.
18 Q. And as far as you know, First Hawaiian

19 didn't change the terms of the loan to ^{EX C}release any
20 of the people obligated on the loan --

21 A. No.

22 Q. -- or anything like that?

23 A. (Witness shakes head from side to side.)

24 Q. What is the procedure for determining
25 how much in shareholder advances Mr. Jackson

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1 receives?

2 A. I don't know.

3 Q. Okay, so in other words, whatever he
4 tells you, you write the check for that amount?

5 A. Yes.

6 Q. Is there any limit on the number of
7 times in any particular month that Mr. Jackson asks
8 for Mr. Loeak to go cash a check for him?

9 A. Normally twice a month.

10 Q. Do you always write the check on the
11 same account?

12 A. Yes.

13 Q. Okay, so there's only one account that
14 has checks written to Mr. Loeak that Mr. Loeak then
15 goes and cashes for Mr. Jackson?

16 A. Yes.

17 Q. And that's your operating account?

18 A. From the operating, yes.

19 Q. I am skipping all of the Jimmy Loeak
20 entries and the First Hawaiian CEJJ trust entries.

21 I think we have covered that sufficiently.^{EX C}
22 okay, so let me show you the ledger
23 ending December 31, 2010, and then looking at where
24 it says final balance, it shows, and this is at the
25 top of the page, it shows the owner's salary final

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1 balance as \$30,000 for each of these items for the
2 new cars, the used cars, the parts, and whatever the
3 fourth one is, and I guess I would like you to take
4 a look at that and explain it to me if you could.

5 A. okay, so his salary based on divided by
6 four like new, used, in four different departments.

7 Q. I understand that.

8 A. This is balance for the following
9 months, so if you add the debits here, it equals the
10 10,000, and that's just an ending balance.

11 Q. okay, why does it say \$30,000 per
12 department?

13 A. I will have to go and see. I have to go
14 and check the details on this, if that's what you
15 need to see.

16 Q. okay, well, I guess I just want to know
17 how much he got.

18 A. 10,000.

19 Q. Did he get 10,000 or 120,000?

20 A. 120,000 for the year, that I know.

21 Q. okay. He doesn't get any more --

22 A. No.

- 23 Q. -- than 10,000 in salary?^{EX C}
- 24 A. No, no.
- 25 Q. Okay, although he does get some

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- 1 insurance premiums paid and condo maintenance and
2 taxes and that kind of thing?
- 3 A. Yes.
- 4 Q. Okay. All right, now, we served some
5 document requests on JJCO's attorney. Did you have
6 a role in producing the documents that we had
7 requested? We will get one out and put it in front
8 of you.
- 9 (Discussion off the record.)
- 10 A. What was your question?
- 11 Q. (By Mr. Smith) Did you have a role in
12 producing the documents in response to this request?
- 13 A. Yes.
- 14 Q. And what was your role?
- 15 A. I just made copies or whatever was
16 requested.
- 17 Q. Okay, so were you provided with a copy
18 of this request?
- 19 A. Of this?
- 20 Q. Yes.
- 21 A. Yes.
- 22 Q. Okay, and were you told not to produce
23 any of the things that are described in this
24 request?

25 A. No. This came at a later date.^{Ex C}

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1 Q. Okay. What do you mean by that? Later
2 than what? If you got this after you --

3 A. Where was this -- when was this supposed
4 to be?

5 Q. Well, let's see, I signed it February
6 the 25th.

7 A. I only received this not too long ago to
8 look at.

9 Q. Okay.

10 A. So I was -- that is what I produced in
11 the box.

12 Q. You had produced the documents before
13 you got the request then, or did you use the request
14 to go find the documents?

15 A. I used the request to find the documents
16 that we are looking at today.

17 Q. Okay, very good. Let's just go through
18 the list. All the records and documents relating to
19 loans made by Clarence Jackson to JJCO, and then
20 it's got some dates there. Did you produce all of
21 the records that relate to the loans Mr. Jackson has
22 made to JJCO?

23 A. I didn't produce any of the loan
24 documents.

25 Q. Why not?

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1 A. I don't have it all. I don't have loan
2 documents.

3 Q. Okay, so do you have any loan documents
4 reflecting any loans by Mr. Jackson to JJCO?

5 A. Oh, from Mr. Jackson to JJCO, yes.

6 Q. Where JJCO is the borrower, and Mr.
7 Jackson is the lender?

8 A. Yes.

9 Q. Did you produce them?

10 A. Yes, I did.

11 Q. Okay.

12 A. Mm-hm.

13 Q. And can you just describe for me what
14 was produced? Is there a promissory note?

15 A. Yes. I think that's in the box.

16 Q. Okay, is there anything else?

17 A. No.

18 Q. Okay. Now, it says next, all cancelled
19 checks reflecting transfers from Clarence Jackson to
20 JJCO.

21 A. Yes, I gave you that. It's in that box.

22 Q. Okay. So all of the records that you
23 have that JJCO has showing transfers from Clarence
24 Jackson to JJCO we have?

25 A. Yes.

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Ex C

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1 Q. Okay. Do you have any account
2 statements reflecting the balance owed by JJCO to
3 Mr. Jackson?

4 A. Yes, I gave it to you also.

5 Q. Okay, do you have audited financial
6 statements?

7 A. No, I didn't give you that.

8 Q. Okay. Balance sheets?

9 A. No.

10 Q. And we talked already about promissory
11 notes?

12 A. Yes.

13 Q. Now, why were the audited financials and
14 balance sheets not produced?

15 A. Because there's a lot of it, so, you
16 know, I have it here because there's books and books
17 of it.

18 Q. Okay.

19 A. So I don't know if you --

20 Q. All right, so --

21 A. It's a lot of paperwork.

22 Q. Maybe we can arrange sometime to sit
23 down --

24 A. Yes.

25 Q. -- and look at it.

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1 Okay, two, all records and documents
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EX C

2 reflecting or relating to any transfer or payment of
3 anything of value by JJCO to Clarence Jackson, has
4 that been produced?

5 A. Yes.

6 Q. Okay.

7 A. There's nothing, so --

8 Q. well, you have produced a lot.

9 A. Yeah.

10 Q. we have just been talking about all the
11 things that Mr. Jackson gets --

12 A. Okay.

13 Q. -- from the company. Is there anything
14 that's not reflected on the check register that Mr.
15 Jackson gets from the company?

16 A. No.

17 Q. Does he get the use of a car?

18 A. Yes.

19 Q. Okay. Anything else?

20 A. No.

21 Q. Okay. Now, instead of Mr. Jackson, does
22 any family member or any designee, do you know what
23 a designee is?

24 A. No.

25 Q. Anybody who Mr. Jackson designates, so

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1 is there any family member or anybody that Mr.
2 Jackson designates that gets anything from JJCO?

3 A. Marc has a demo.

EX C

4 Q. Okay. And Marc also is a family member
5 and gets a salary here?

6 A. Yes.

7 Q. And we saw at least a credit card or two
8 that got paid?

9 A. Yes.

10 Q. Anything else of value that any family
11 member or designee of Mr. Jackson receives from
12 JJCO, Inc.?

13 A. No.

14 Q. Okay. Three, Federal and State income
15 tax returns, did you produce those?

16 A. No.

17 Q. Why not?

18 A. First of all, I don't have all of those
19 years. I don't know -- I only know from the time
20 that I have been here, and it's a lot of paperwork
21 as well, so I need -- I need time to make copies of
22 everything.

23 Q. Okay, how long do you need?

24 A. I don't know, but I definitely don't
25 have from 2001.

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1 Q. I understand that. But, I mean, we have
2 gotten some -- I mean, we got a couple of State
3 returns from different years and maybe one Federal
4 return, something like that, so how long do you need
5 to complete that production?

EX C

6 A. For just this specific item?
7 Q. For number three.
8 A. Number three, mm, half a day.
9 Q. All right, so if we gave you a couple of
10 weeks --
11 A. Yes.
12 Q. -- that would be plenty of time for
13 that?
14 A. Yes.
15 Q. Okay, so we are going to ask that you do
16 that.
17 A. Okay.
18 Q. All records and documents reflecting or
19 demonstrating JJCO's receipt of \$1,615,315.20 under
20 the December 7, 2007, note. Did you produce that?
21 A. Yes, I did.
22 Q. Okay. So everything that JJCO has that
23 would evidence JJCO receiving those funds has
24 already been provided to us?
25 A. One million 615?

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1 Q. That's right, that's already been
2 provided to us.
3 A. That's been provided.
4 Q. Okay, and next, all records and
5 documents reflecting or demonstrating JJCO's receipt
6 of \$2,100,000 under the January 5, 2008, note, has
7 that been provided to us?

Ex C

8 A. Yes.

9 Q. Okay. Any records JJCO has of this has
10 already been provided to us?

11 A. Yes.

12 Q. Okay. Next, all flooring agreements,
13 line of credit, or loan agreements and notes
14 evidencing advances made by FHB to JJCO, has that
15 been produced?

16 A. I think -- wasn't that produced by the
17 bank? I can't produce any of these.

18 Q. Okay. Do you have documents described
19 in paragraph six?

20 A. Flooring, for flooring I do.

21 Q. Okay. All right, so how long would you
22 need to get those put together?

23 A. About the same time.

24 Q. All right, two weeks is reasonable for
25 you?

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1 A. Yes.

2 Q. Okay.

3 A. So you want the flooring agreements,
4 those documents?

5 Q. Yes, mm-hm, please.

6 MR. KING: Don't you have a lot of this
7 stuff from the bank already?

8 THE WITNESS: Yes, that's what I
9 thought.

EX C

10 MR. KING: Do you really need this, or
11 are we just going through the exercise?

12 MR. SMITH: We got some from the bank.
13 I'll agree that I certainly don't need any
14 duplication, that's the last thing I need. We will
15 take a look at what we have got, and we will tell
16 you, but I don't think we got a complete production
17 from the bank, and the bank, of course, charges us
18 rather exorbitant amounts for copies from them, so
19 we will tell you exactly what we want from that
20 though, okay?

21 MR. KING: Okay.

22 Q. (By Mr. Smith) Okay, seven, all records
23 and documents enumerating or otherwise relating to
24 advances received by JJCO from FHB January 1, 2001,
25 to the present. Did you produce those, or are those

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1 like the other ones where you assume --

2 A. Those are like the other ones --

3 Q. You assumed that the bank had taken care
4 of that?

5 A. Yes, because I don't have the loan, the
6 loan documents, you know, for loans. I have
7 flooring agreements, but not loans.

8 Q. Okay. Where are the JJCO, Inc.'s copies
9 of loan documents from First Hawaiian Bank kept?

10 A. Normally, Mr. Jackson signed it, and he
11 has it. Sometimes he gives it to me, and sometimes

Ex C

12 he doesn't.

13 Q. Okay. Now, as you sit here today, do
14 you know that you don't have any, then, or do you
15 need to check since sometimes he gives it to you,
16 and sometimes he doesn't?

17 A. I can check, but some of them is not
18 signed.

19 Q. Okay. All right, and, again, we will
20 check to see what we have already got because, like
21 I say, we don't want duplication either.

22 A. Okay.

23 MR. KING: I understand that the time
24 period that you have got from the bank is much more
25 extensive than we have records going back --

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1 MR. SMITH: Okay.

2 MR. KING: -- and should be all signed
3 documents too. Theirs should be extremely complete,
4 I would imagine.

5 THE WITNESS: Right.

6 Q. (By Mr. Smith) Okay, number eight,
7 records and documents enumerating or otherwise
8 relating to JJCO's obligations to FHB. Is that the
9 same answer?

10 A. Yes.

11 Q. Okay, and we will do the same on that
12 too.

13 All records and documents which reflect
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EX C

14 or which set forth or relate to payments made by
15 JJCO to FHB pursuant to the terms of the security
16 agreements and the flooring agreement. Now you have
17 produced check registers to us?

18 A. Mm-hm.

19 Q. Has JJCO made any payments to First
20 Hawaiian Bank that are not reflected on those check
21 registers?

22 A. No.

23 Q. Okay. Ten, all records and documents
24 dating from January 1, 2001, to the present
25 containing or otherwise relating to demands made by

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1 FHB to JJCO for payment of all or a portion of
2 JJCO's balance as referenced in section four B of
3 the security agreements. Is your answer on that one
4 the same as it has been on the other First Hawaiian?

5 A. Yeah, I don't understand what it is
6 asking right now.

7 Q. Okay. It is asking for demand letters
8 from First Hawaiian Bank.

9 A. No, I never saw one.

10 Q. You have never seen one of those?

11 A. No.

12 Q. Okay.

13 A. Well, besides the flooring SOT list that
14 they always give us at the end of the month, I mean,
15 after inspections.

EX C

16 Q. Okay.
17 A. It's like a demand asking that we have
18 to pay these cars off.
19 Q. Right.
20 A. That's the only thing.
21 Q. So that would be cars that you have
22 sold?
23 A. Yes.
24 Q. And First Hawaiian actually sends
25 somebody around here periodically to check and see

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1 what's here?
2 A. Yes.
3 Q. So they come down here, and they look,
4 and they see the following cars aren't here anymore?
5 A. Yes.
6 Q. And you have got to pay off the lien on
7 those?
8 A. Yes.
9 Q. Okay, and you have those correspondence?
10 A. Yes.
11 Q. Okay. So if we haven't gotten those
12 from the bank, and we will check that, then I am
13 going to ask for those too.
14 A. Okay, that's a lot of things too.
15 Q. Okay, you get one of those every month?
16 A. Every two weeks.
17 Q. Every two weeks, okay.

EX C

18 A. Oh, is this my copy? Can I write on
19 here?

20 Q. You certainly can.
21 Number eleven, all collateral statements
22 or similar trust receipts which JJCO has provided to
23 First Hawaiian Bank. Is your answer the same for
24 those records?

25 A. Yes.

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1 Q. Okay, and we will do the same thing as
2 far as --

3 A. Trust receipts? They don't give us
4 trust receipts.

5 Q. Okay, if there's none, then that's fine
6 too.

7 A. Okay. Yeah, there's no trust receipts.

8 Q. All accounts of inventory which JJCO has
9 furnished to FHB. Sounds like that would be the
10 same letter that you are talking about.

11 A. Yes.

12 Q. All documents representing collateral
13 which JJCO has provided to FHB, so, again, whatever
14 you have on that, I take it it hasn't been produced
15 yet?

16 A. Mm-hm.

17 Q. So we will tell you whether we have got
18 anything or not.

19 A. Okay.

EX C

20 Q. Same for fourteen, same for fifteen,
21 same for sixteen. Okay, and then we have a second
22 document, and then was there a second document
23 request that you also received?

24 A. Yes.

25 Q. Okay.

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1 MS. WANG: Here is a copy.

2 THE WITNESS: Thank you.

3 Q. (By Mr. Smith) Okay, so number one,
4 check register, looks like we got covered?

5 A. Okay. Yes.

6 Q. General ledger, we also got that
7 covered?

8 A. Yes.

9 Q. Is there any check register or general
10 ledger that's maintained by JJCO that has not been
11 produced?

12 A. General ledger meaning what? what?

13 Q. We have --

14 A. I gave you the --

15 Q. We have the general ledger right there.

16 A. That's the one, yes.

17 Q. Do you have any other one?

18 A. Do you want the months?

19 Q. I am just asking for what you have got.

20 I'm not asking what you --

21 A. This is only for certain months I gave
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EX C

22 you, certain periods I gave you.

23 Q. Okay, what about check registers, are
24 there any accounts for which you have a check
25 register that you haven't produced?

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1 A. No, that is it.

2 Q. What about, for example, Central Pacific
3 Bank?

4 A. Check register?

5 Q. I am just asking.

6 A. No, I don't have a check register for
7 Central Pacific Bank.

8 Q. Remember, we saw some references in the
9 register we did have to a Central Pacific account,
10 so that's why I am asking.

11 A. No.

12 Q. You don't have?

13 A. (Witness shakes head from side to side.)

14 Q. Okay. Three, any and all documents that
15 JJCO has submitted to the State tax office between
16 January 1, 2009, and the present. Has that been
17 produced?

18 A. No.

19 Q. Okay. Why not?

20 A. Again, that's a lot of files to make
21 copies of.

22 Q. Okay. So you have a lot of
23 communications going back and forth for this tax --

EX C

24 A. Are you talking about GET taxes? I
25 mean, what kind of --

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1 Q. Whatever, whatever goes from you to the
2 State tax office and whatever goes from the State
3 tax office to you.

4 A. Well, that's a lot of paper.

5 Q. Okay. Again, maybe --

6 A. 2009.

7 Q. Maybe we can arrange for Ms. Wang to
8 come over here and you can show her, something like
9 that, and we can decide how bad we want it.

10 A. Okay.

11 Q. Any and all documents JJCO has received
12 from the State tax office, so that's part of --

13 A. Right.

14 Q. -- what you just discussed.

15 Any and all documents JJCO has submitted
16 to any motor vehicle licensing authority for the
17 period January 1, 2009, to present. Is that
18 voluminous also?

19 A. Yes.

20 Q. Okay.

21 A. And I -- I just -- I gave you the -- I
22 don't know what you were looking for, so I gave you
23 something in there that reflected the Isuzu cars
24 that we sold and we licensed.

25 Q. Okay.

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1 A. So, I mean, it's boxes of transactions,
2 so.

3 Q. Okay, and your bank statements, did we
4 get those?

5 A. Yes.

6 MR. SMITH: Okay. I want a five-minute
7 recess, and then we might be about done here.

8 (Recess was taken.)

9 Q. (By Mr. Smith) Okay, has JJCO ever
10 repaid Mr. Jackson anything on the loans that Mr.
11 Jackson has made to JJCO?

12 A. As long as I have been here, no.

13 Q. Has anyone ever suggested since you have
14 been here that maybe some of those shareholder draws
15 should be loan repayments?

16 A. Oh, no, I don't know.

17 Q. You never heard that?

18 A. No.

19 Q. Okay. Has JJCO ever failed to pay Mr.
20 Jackson's salary?

21 A. No.

22 Q. Have you ever attended a shareholder
23 meeting of JJCO?

24 A. No.

25 Q. Have you ever seen a notice of a

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1 shareholder meeting --

2 A. No.

3 Q. -- of JJCO?

4 A. (Witness shakes head from side to side.)

5 Q. Have you ever seen any shareholder
6 minutes of JJCO?

7 A. No.

8 Q. Have you ever attended a board of
9 directors meeting of JJCO?

10 A. No.

11 Q. Have you ever seen minutes of any
12 directors meeting of JJCO?

13 A. No.

14 MR. SMITH: That's all I have. Thank
15 you.

16 THE WITNESS: All done?

17 MR. SMITH: You are done.

18 MR. KING: Still on the record, with
19 regard to these documents, again, these documents
20 are only to be -- that are going to be copied are
21 only going to be used in connection with this case;
22 is that right?

23 MR. SMITH: Absolutely, and before we
24 send things to the copier, we will get a hold of you
25 about the other documents that I brought up.

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1 MR. KING: Okay, all right. No
2 signature.
3 (Deposition concluded at 12:35 p.m.)
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1 C E R T I F I C A T E

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2 STATE OF HAWAII)

3) ss.

4 CITY AND COUNTY OF HONOLULU)

5 I, PATRICIA ANN CAMPBELL, CSR 108, do
6 hereby certify:

7 That on June 17th, 2011, appeared before
8 me DEBBIE TESORO, the witness whose 97 page
9 deposition is contained herein;

10 That prior to being examined, she was by
11 me duly sworn or affirmed pursuant to Act 110 of the
12 2010 Session of the Hawaii State Legislature;

13 That the deposition was taken down by me
14 in machine shorthand and was thereafter reduced to
15 typewritten form under my supervision; that the
16 foregoing represents, to the best of my ability, a
17 true and correct transcript of the proceedings had
18 in the foregoing matter;

19 That pursuant to Rule 30(e) of the
20 Hawaii Rules of Civil Procedure, a request for an
21 opportunity to review and makes changes to this
22 transcript was not made by the deponent or a party
23 prior to the completion of the deposition.

24 I further certify that I am not an
25 attorney for any of the parties hereto, nor in any
way concerned with the cause.

26 DATED this 19th day of June, 2011, in
27 Honolulu, Hawaii.

28

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31

32 PATRICIA ANN CAMPBELL, CSR 108

33 Certified Shorthand Reporter

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